

DOCUMENT RESUME

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[Need for SSA To Assess Penalties against SSI Recipients Than Fail To Report Changes in Their Circumstances]. HRD-78-118; B-164031(4), May 22, 1978. 5 pp.

Report to Secretary, Department of Health, Education, and Welfare; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Income Security Programs: Eligibility Determination (1301); Income Security Programs: Program Effectiveness (1302); Income Security Programs: Program Monitoring and Administration (1303).

Contact: Human Resources Div.

Budget Function: Income Security: Public Assistance and Other Income Supplements (604).

Organization Concerned: Social Security Administration.

Congressional Relevance: House Committee on Ways and Means; Senate Committee on Finance.

Authority: Social Security Act (42 U.S.C. 1383(e)). =20 C.F.R. 416.

Substantial overpayments have been made to recipients of the Social Security Administration's (SSA's) Supplemental Security Income program because the recipients had not reported or improperly reported changes in their income, resources, or other circumstances. The integrity of the SSI program depends to a large degree on accurate and timely reporting of these changes. Steps have been taken to reduce the erroneous payments, including informing recipients of their reporting responsibilities, but more can be done to improve recipient reporting. The SSA has also taken steps to obtain and use information on benefits paid to SSI recipients from sources other than the recipient. Although recipients are generally aware of their reporting responsibilities, over 50% of the recipients questioned who had indicated that their circumstances had changed had not reported the changes. In establishing the SSI program, the Congress gave SSA authority to assess penalties against recipients who do not fulfill their reporting responsibilities; however, this authority has not been used. Implementation of the penalty provision could provide a viable mechanism for improving recipient compliance with reporting requirements, improving the accuracy of benefit payments, and reducing overpayments. The Secretary of Health, Education, and Welfare should direct the Commissioner of SSA to implement the penalty provision, including necessary programming of the SSI computer system to process penalties for untimely reporting and nonreporting of changes in recipient circumstances. (BRS)

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-164031(4)

May 22, 1978

The Honorable
The Secretary of Health, Education,
and Welfare

Dear Mr. Secretary:

During a review of the Social Security Administration's (SSA's) Supplemental Security Income (SSI) program, we noted that substantial overpayments have been made to recipients who had not reported or properly reported changes in their income, resources, or other circumstances. The integrity of the SSI program depends, to a large degree, on accurate and timely reporting of these changes. These changes can affect not only the amount of benefit payment but also continued eligibility for assistance. In January 1976, SSA's Office of Quality Assurance began recording whether erroneous SSI payments were caused by the recipient or the agency. For calendar year 1976, the Office estimated that of the 4.2 million recipients on the SSI rolls, 743,156, or about 17 percent, were erroneously paid over \$200 million because they failed to report or report properly changes to SSA.

Although SSA has taken steps to improve the accuracy of payments to recipients, more could be done to improve recipient reporting which continues to be a major cause of erroneous payments. The Congress, in establishing the SSI program, gave SSA authority under section 1631(e)(2) of the Social Security Act (42 U.S.C. 1383(e)(2)) to assess penalties against recipients that do not fulfill their reporting responsibilities; however, this authority has not been used. We believe that implementation of the penalty provision could provide a viable mechanism for (1) improving recipient compliance with reporting requirements, (2) improving the accuracy of benefit payments, and (3) reducing overpayments which require substantial resources to recover.

HRD-78-118
(10535)

RECIPIENT KNOWLEDGE OF
REPORTING RESPONSIBILITIES

Eligibility for SSI benefits is based on a continuing need for financial assistance. Once eligibility is established, recipients are responsible for reporting changes in income, resources, or other circumstances which could affect the SSI payment, or cause suspension or termination from the program. According to Federal regulations (20 C.F.R. 416), changes should be reported as soon as they occur. Failure to report these changes within 30 days after the quarter in which they occur may cause the following penalties to be imposed unless there is good cause for not reporting the change.

--\$25 for the first failure or delay.

--\$50 for the second failure or delay.

--\$100 for the third or a subsequent failure or delay.

Periodically SSA mails informational pamphlets to SSI recipients providing them with information on the SSI program and reporting responsibilities. In addition, SSA's instructions to its field offices stress the necessity of informing recipients about timely reporting requirements whenever an office has contact with the individual. Instructions also require that field offices inform recipients of the penalties that may be imposed for untimely and nonreporting of changes.

To obtain information on recipients' knowledge of the SSI reporting requirements and to determine if they had reported to SSA changes that had occurred, we selected a sample of 645 SSI recipients served by SSA district offices in the San Francisco, Denver, and Chicago regions and sent questionnaires to them. Of the 514 recipients that responded to our questionnaire, 359 or about 70 percent knew that they were required to report changes to SSA. More importantly, however, 179 or about 57 percent of the recipients that indicated their circumstances had changed said they did not report the change to SSA.

SSA believes that the time spent informing recipients of their reporting responsibilities will improve the likelihood of changes being reported and consequently should reduce the number of overpayment cases and the administrative cost required to recover the amounts overpaid. While the results of

our questionnaire indicate that recipients are aware of reporting responsibilities, mere knowledge of these responsibilities does not guarantee that they will be met.

STEPS TAKEN TO REDUCE ERRONEOUS
PAYMENTS DUE TO REPORTING PROBLEM

In addition to informing recipients of their reporting responsibilities, SSA has taken steps to obtain and use information on benefits paid to SSI recipients from sources other than the recipient. Presently, SSA obtains benefit payment information from the Veterans Administration and the Railroad Retirement Board and uses this in computing the SSI payment. While this effort has substantially reduced the number of recipients being erroneously paid, changes in resources, living arrangements, and other circumstances that can affect the SSI benefit amount are dependent upon recipient reporting. Therefore, further reductions in overpayments caused by these changes will likely not occur unless recipient reporting substantially improves.

In this regard, SSA's claims manual instructs its field offices on the steps to be taken in imposing and collecting penalties for failure to report or late reporting. However, we noted that the SSI computer system has never been programed to process penalty actions that would be submitted by the field offices. SSA officials in the Bureau of Supplemental Security Income told us that penalties have not been imposed because they were concerned about the feasibility and difficulty of applying uniform penalties nationally. They also expressed concern about reducing benefits needed by recipients that have limited income. Efforts have been underway for some time to implement the penalty provision; however, SSA has not established a firm date for its implementation. According to the officials, the computer system cannot be programed to process penalties until SSA's Bureau of Data Processing completes an analysis to identify and determine what SSI computer programs should be revised to reflect the penalties that will be imposed. An official in this Bureau told us that a tentative date for completing this analysis had not been established and would be difficult to estimate at this time.

SSA field office managers and staff personnel told us they would assess penalties if they were able to do so. Several of them expressed frustration because they have no means of enforcing compliance with the reporting requirements. One district office manager said implementation of the penalty provision would put teeth in the SSI program.

CONCLUSIONS

The accuracy of SSI payments to recipients is highly dependent upon their timely reporting of changes to SSA. SSA can impose penalties for failure to report or late reporting but has not yet done so. Although recipients are generally aware of their reporting responsibilities, over 50 percent of the recipients we questioned who had indicated that their circumstances changed had not reported the changes. Currently, the only incentive for recipients to report changes in their income, resources, or other circumstances is if the change results in a larger SSI benefit being paid to them. For those changes which could result in reduced benefits, the only consequence for failure to report or late reporting, if detected, would be possible repayment of amounts that were overpaid.

Obtaining payment data from other Federal agencies has helped to reduce the number of overpayments in the SSI program; however, many overpayments will likely continue to be made unless improvements are made in recipients' meeting their reporting responsibilities. The Congress has provided SSA with a mechanism which we believe could be useful in encouraging recipient compliance with the SSI reporting requirements and in reducing overpayments and the administrative cost of overpayment recovery action.

RECOMMENDATION

We recommend that you direct the Commissioner of SSA to implement the penalty provision, including necessary programming of the SSI computer system to process penalties for untimely reporting and nonreporting of changes in recipient circumstances. In addition, recipients should be notified when actual implementation of penalty deductions will begin and the amounts involved for initial and repeat violators.

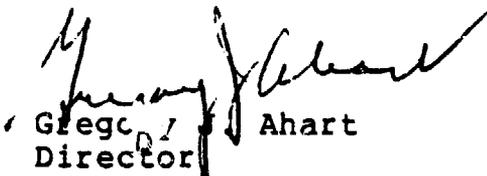
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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this letter report to the Chairmen of the House Committee on Government Operations, Senate Committee on Governmental Affairs, House Committee on Appropriations, House Committee on Ways and Means, and Senate Finance Committee. We are also sending copies of this letter to the Chairman, Subcommittee on Public Assistance and Unemployment Compensation, House Committee on Ways and Means; Chairman, Subcommittee on Labor, Health, Education, and Welfare, Senate Committee on Appropriations; and to the Director, Office of Management and Budget.

We appreciate the cooperation and assistance given by SSA personnel during our review and would appreciate being periodically informed of the progress being made to implement the penalty provision.

Sincerely yours,


Gregory Ahart
Director